

Armat
Motion
Picture
Company



From the Washington Post, Jan. 13, 1901.

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ARMAT WINS.

The Supreme Court of the District of Columbia Hands Down Important Decision in Moving Picture Case.

The decision of the Supreme Court of the District of Columbia on the patents covering the moving picture monopoly was announced yesterday. It confirmed the two former decisions of the Patent



Thomas Armat.

Office awarding priority of invention to Thomas Armat of Washington. There is no further appeal. All cases patents which have been so long in litigation, now fully settled, are owned by the Armat Moving Picture Company, which has a large plant in this city.

TAKING PLACE IN SANTA DOMINGO.

NOTE.—Afterwards a motion was made for a rehearing. This motion was overruled March 9, 1901, when the decision became final. There can be no further appeal.

Those desiring motion-picture exhibitions, can only obtain a legalized service from

The Armat Motion-Picture Co.,

OWNERS OF PATENTS.

Star Building. WASHINGTON, D. C.

ARMAT Motion-Picture Company

INCORPORATED UNDER THE LAWS OF WEST VIRGINIA

CAPITAL STOCK, \$1,000,000
Par Value, \$20

FULL PAID AND NON-ASSESSABLE.
NO PREFERRED STOCK OR BONDS.
NO INDEBTEDNESS.

OFFICERS:

S. B. DANIEL, - - - President
Vice-President Standard Rice Company,
63-65 Wall St., New York
THOMAS ARMAT, - - - Vice-President
Washington, D. C.
CHAS. M. CAMPBELL, - - - Treasurer
Ex-President American Kinetoscope Co.
W. G. STEWARD, - - - Secretary
Electrical Engineer

PATENT COUNSEL:

CHURCH & CHURCH, Washington, D. C.
JULIAN C. DEWELL, Washington, D. C.

WASHINGTON LOAN AND TRUST CO.,
Depository and Registrar



AMERICAN PATENTS

586,953
578,185
580,749
586,916
627,930
673,992

Several Applications Pending



FOREIGN PATENTS

*Broad Protection Secured in
the Best Countries of Europe*



The Armat Motion-Picture Co.

Substantial Basis



THIS Company was incorporated under the laws of West Virginia for the purpose of acquiring the valuable patents controlling the successful projection of motion pictures in this country and Europe, and for the purpose of establishing a monopoly of the animated picture business. It is incorporated under the laws of West Virginia, with \$1,000,000 capital stock, in shares of \$20 each, fully paid and non-assessable. This company is a consolidation, based:

1. Upon the various patents covering the projection of animated pictures on screens, as owned by the New York Photo-Projecting Company.
2. The patents, business, plant, and stock on hands of the American Kinetoscope Company, and its London connection at 17 and

18 Rupert Street, London, W. In other words, the Armat Motion-Picture Company has absorbed both the patents and business of the New York Photo-Projecting Company and the patents, plant, and business of the American Kinetoscope Company.

What the Armat patents are can be seen from the following articles printed in the New York *Journal's* and the New York *Sun's* Washington dispatches, February 9th 1900:

FROM NEW YORK *SUN*, FEBRUARY 9TH.

stands...
is said to want early conventions
in all States where free silver will be endorsed.

MONOPOLY IN MOVING PICTURES.

The Patent Office Awards Priority of Invention to Thomas Armat.

WASHINGTON, Feb. 8.—A monopoly in the moving picture projecting business was established by the decision of the Commissioner of Patents to-day affirming the action of the Board of Appeal of the Patent Office in awarding priority of invention in projecting machines for moving pictures to Thomas Armat of Washington. This case has been in the Patent Office for four years. The parties litigant who are losers are the American Mutoscope Company and E. & T. Anthony of New York, assignees respectively of Herman Casler and Woodville Latham. The infringing machines under this decision are the projectoscope, made of the Edison people, the bioscope, the vitascope, the cinematograph, and all other projecting machines now in the market.

The most important bearing the decision has at present is the control it gives Armat in the field of prizefight moving pictures. The importance of this element assumes can be inferred from the fact that the pictures of the recent Jeffries-Sharkey fight yielded door receipts approximating \$500,000, the four weeks' receipts in New York alone being charged up at \$40,000. Armat has assigned his patents recently to the Animated Photo-projecting Company of New York, incorporated under New York laws.

—NEW YORK *SUN*—FEB. 9TH.

FROM NEW YORK *JOURNAL*, FEBRUARY 9TH.

HIS PATENT COVERS ALL THE MOVING PICTURES.

Thomas Armat, of Washington, by a Patent Office Decision, Gets a Practical Monopoly of the Business.

All Exhibitors of Pictures of This Sort Must Hereafter Pay Tribute to the Owner of the Patent.

Brady and O'Rourke, with Their Fight Projection, Escape Because They Took Care to Be Secured.

Washington, Feb. 8.—The Commissioner of Patents this morning rendered a decision granting priority of invention to Thomas Armat, of this city, in the art of projecting moving pictures.

This decision is sweeping and will cause all exhibitors of moving pictures, particularly those of prize fights, to cease exhibiting except under the license of Armat.

The defendants in the suit just decided, which have been in the Patent Office for four years, are Herman Casler, assignee to the American Mutoscope Company, of New York, the company which recently took the pictures of the Jeffries-Sharkey prize fight, and Woodville Latham, assignee to E. & T. Anthony, of New York.

Prior to this final decision Armat had also won before the Board of Appeals of the Patent Office. The infringing machines are the biograph, the projectoscope, made by the Edison people; the cinematograph, the vitascope and all others of similar character.

Armat, prior to the rendering of this decision, had already begun suit against the American Mutoscope Company of New York for \$20,000 and an accounting.

He has sold all his patents to the Animated Photo-Projecting Company, which was recently capitalized for \$500,000 under the laws of New York. This company is now believed to hold an absolute monopoly of the moving picture business in this country and the best parts of Europe, where Armat filed his patents.

The Jeffries-Sharkey pictures are said to have drawn \$500,000 under Thomas F. Burke and W. A. Brady's management.

The American exhibitors in all parts of the world showing moving pictures will have to pay tribute to Armat.

It is not necessary to reprint further news dispatches on this subject. The two defeated parties in the above case were the American Mutoscope and Biograph Company, of New York, assignees of Herman Casler, and E. & H. T. Anthony, of New York, assignees of Woodville Latham. From the decision of the Commissioner of Patents these parties had the right of appeal to the Court of Appeals of the District, which is the court of last resort. The American Mutoscope and Biograph Company dropped out. E. & H. T. Anthony took the case up. On January 8, 1901, the Court of Appeals handed down a decision affirming the decision of the Patent Office in favor of Armat. Afterwards a motion was made for a rehearing. This motion was overruled March 9, 1901, when the decision became final.

Growth of the Theatrical Business

Joseph Jefferson tells in his autobiography that when he was a young man the troupe

with which he was connected was frequently antagonized by a public sentiment that was very adverse to the licensing of theatres—devil's playhouses, as they were then called. At Springfield, Ill., the troupe was not permitted to perform until Abraham Lincoln went before the legislature and succeeded in having an absolutely prohibitive tax reduced. So that within the experience of men yet on the stage, a narrow, proscriptive public sentiment tried to bar out reputable theatrical companies from cities like the one mentioned. How public sentiment has been revolutionized within half a generation, cannot be better shown than by quoting from an article in a recent issue of the *Saturday Evening Post*:

In a few weeks the theatres of the country will close the most prosperous season in their history. They have never before received such prices, and they have never before held so many people as they have during the past seven months.

During the past winter they have received in many instances fully fifty per cent. more than the usual prices, but in spite of all this, the houses of amusement have generally been crowded, and millions of dollars have been paid to witness the performances.

Every year the theatre grows more important. Every day the population which makes audiences grows larger. Every day the desire for theatrical entertainment grows stronger. In the big centers of population millions of people are living in apartment houses, and their main reliance for diversion is the theatre.

Thus have strenuous efforts on the part of the theatrical interests of the country been required to keep pace with its enormous strides of population, the advance of education, the development of the public press, and the relatively rapid growth of city over country population. Palatial

theatres are springing up everywhere, and millions of new capital within the last few years have gone into amusement enterprises. These large city populations each year pay relatively more and more for amusements.

It needs no argument to support the assertion that the discovery of the beautiful art of animated photography was most timely, nor is to be wondered at that in the four or five years of its growth it has developed an artistic perfection and a very large volume of business that warrants high hopes that the near future will witness results greatly surpassing anything shown in the past.

Prospects of Animated Photography

A theatrical performance is a costly affair. The salaries of performers coupled with the cost of transportation eat heavily into the door receipts. The failure of so many theatrical enterprises of the minor sort is due to this fact. It follows that any art or device that will at once decrease the heavy expense alluded to, and at the same time maintain the door receipts, has almost fabulous earning power. This winning combination is *cheapness* and *efficiency*, exactly the qualities which a four years' test has already demonstrated to be the one possessed by the animated picture machine.

When we reflect upon the immense patronage of the theatres, the thirst for amusement, and the enormous amount of money daily spent in gratifying this taste, and realize that with a motion-picture machine a single operator can perfectly reproduce "turns" that cost in some cases thousands of dollars to produce, we begin to realize the profits of the motion-picture machine.

This new and beautiful art is in its infancy. Its advertising and educational features are almost entirely undeveloped. In no other way can scenes of foreign life and travel be so perfectly illustrated and indelibly impressed. Thus an audience can visit during an evening the remotest corners of the earth and see accurately and inexpensively reproduced the *real, moving, actual* life of the scenes visited. Such results, constantly renewed, can never grow stale.

Very often a patented article is offered to the public that is beautifully constructed and does beautiful execution. But the question remains: Is there a demand for the patented article and has it the necessary earning power? This very important question may be checked off as to the motion-picture machine, and the confident assertion can be made that its field of usefulness is exhaustless, and that *there never was a patented machine of such tremendous earning power in comparison to its cost.*

A Sensational Beginning

Since the initial theatrical exhibition in this country given by Thomas Armat on the night of April 5, 1896, at Koster & Bial's large theatre in New York, to which representation the *New York Herald* devoted the greater part of an illustrated page, and the other metropolitan papers equal prominence, the business has shown a steady growth, with correspondingly large profits. A careful computation showed that before the monopoly of the business was secured by this company, hundreds of illegal animated picture machines were being exhibited in this country alone, nearly all of them used in the giving of various kinds of

public entertainments. A large proportion of the traveling variety and burlesque troupes were equipped with them; they were used in all, or nearly all, of the vaudeville houses, of which there are now regular circuits; shown regularly in the Eden Musee and similar enterprises elsewhere, and also used very largely, and with most satisfactory results, in lyceum work.

From these facts it will be seen that the best theatre patronage in this country endorses, patronizes, and makes highly profitable a continuous daily exhibition of animated photography extending over several years. The large use of the device in lyceum and educational work proves the same thing. At the same time, the steady demand in animated photography by the variety and burlesque troupes shows that motion pictures are equally attractive to the least educated of theatrical audiences. This telling fact has great significance when it comes to summing up the field now occupied, and to be occupied, in the amusement and educational world by animated photography.

In estimating the relative importance of such an amusement feature, adaptable as it is to so many phases of entertainment and instruction, it may be well to make a comparison. Cut out animated photography from the programme of the vaudeville theatre, for instance, and substitute a graphophone or phonograph. Could the result be open to discussion? Another comparison is afforded by the experience at Cabin John's, a suburb of Washington, devoted to the entertainment of summer visitors. A theatre was built, but found unprofitable, owing to the great cost of securing a good vaudeville performance. The resulting failure was turned into an immediate success by the installation by us of animated photography

and there are many such summer resorts now using animated pictures, thus enlarging the field already described, to which should also be added the very essential and enormously profitable use of the device in reproducing animated pictures of prize fights and other subjects of national interest.

Our Cabinet Projector

So far we have discussed the single use of animated pictures on large screens before audiences. Now comes our self contained cabinet projecting machine, showing a picture, without any magnifying lens between the eye and the picture, nearly as large as the head of a flour barrel; to be exact, about 14 by 18 inches. The object of this machine, developed by Mr. Armat, is to cause to be reproduced automatically upon the insertion of a coin any picture film with which it may be mounted. This fine device is for indoor individual use, or can be used collectively. Sub-companies are being formed for its introduction throughout the United States, the Philippines, and Cuba, and from these sub-companies the parent company will derive a large income, first, from the sale of territory, and second, from royalty. In the opinion of competent experts the income to be derived from this one source will make the company a good dividend earner.

Consolidation Effected.

In an effort to lay broad and deep the foundations of a successful business career, the Armat Motion-Picture Company purchased the patents, business, stock and plant of the American Kinetoscope Company, which had been in business for four years, and had a highly successful business ca-

reer. At a recent invoice that company showed stock alone on hand of over \$25,000, including about 5,000 machines in various stages of completion and a stock of 75,000 belts. Its foreign business, as has already been noted, is handled by a separate corporation, with offices and warerooms in London. The patents of the American Kinetoscope Company are very valuable, including several forms of most successful kinetoscopes. The rating of the company in the commercial reports was very high, as will be seen by referring to Dnn or Bradstreet's, prior to July, 1900.

Under the patents now owned by the Armat Motion-Picture Company, it is proposed also to manufacture small family projecting machines for animated pictures, which, it is believed, will have a very large sale as being distinctly superior to the old magic lanterns. A family projecting machine is entirely novel as well as an entirely practical idea, not only for the use of our films, but also for the use of films of domestic scenes taken by amateurs with our small motion-picture camera.

Some Comparisons

Mr. Armat is a Washington man. When one remembers that in Washington the graphophone had its origin, the Mergenthaler typesetting machine and the gramophone, a triumvirate of great money winners, the stock of each being far above par, it may be realized that we have here facilities, offered by the Patent Office, and incentives for the production of great inventions not enjoyed by any other city in the country. The directors of this company are firmly of the belief that none of the enterprises mentioned above ever had fairer prospects

of success than those now enjoyed by the Armat Motion-Picture Company. Taking the graphophone as an illustration, it is not only capitalized at \$2,000,000, but it has as opposition the Edison phonograph and the Berliner gramophone. The Mergenthaler Linotype Company has increased its stock until it is now \$10,000,000, each of the original stockholders receiving gratis an amount of stock equivalent to his holding, and yet the stock holds up to nearly double par, selling at about 185. The Armat Motion-Picture Company has an absolute monopoly in as large, if not a larger, field with about one-fourth the capitalization of the graphophone, phonograph, and the gramophone businesses.

In completing a review of the business prospects of the Armat Motion-Picture Company, we call particular attention to the fact that the business of the company, organized as it is, with ample resources and practical men in charge of the different departments, would have every chance of winning a very substantial success without a patent to depend upon. Never was there a more inviting field for the exercise of business talents and energy. The Armat Motion-Picture Company has raised the standard of excellence to a point that gives us all the business we can handle at highly remunerative rates in the ordinary course of competition. We maintain a film-buyer abroad, sent there for that purpose, and also have our own photographers already in the foreign field.

Infringers

It is proposed to dispose of enough stock to produce a working capital, and greatly enlarge our present plant. A thoroughly equipped plant is to be established. Capi-

tal is also required for the immediate prosecution of the infringers, who grew so bold pending the litigation of these suits in the Patent Office. It is proposed to not only strike swiftly and hard, but in every city in this country where an infringer dares to exhibit a motion-picture projecting machine. The mere filing of a few of these suits has been sufficient already to carry consternation to many of these infringers.

***Estimated Earning Power of
One Branch of This
Monopoly***

Taking, as an illustration, our contracts with summer resorts, and multiplying this result by the number of summer resorts having theatres, and one phase of our business can be brought out in bold relief:

Average seating capacity at one such summer resort, 1,000. Average attendance, about 25 per cent.

200 people, 10 cents each, \$20 (5 performances daily); \$100 per day or \$3,000 per month.

Income for four months, June,

July, August, and September..... \$12,000

Expense of operator, machine, subjects, etc..... \$1,000

To owner of theatre (one-fourth gross receipts)... 3,000

4,000

Profit on one such resort with our high-class entertainment..... \$8,000

This amount may be multiplied by the number of summer and suburban resorts in this country, of which there are several hundred.

Summary

The principal sources of income can be tabulated as follows:

1. Lyceum work.
2. Exhibitions by licensee on payment of royalty.
3. Theatrical exhibitions, including prize fights.
4. Summer resorts.
5. Sub-companies to handle cabinet machines.
6. American Kinetoscope Company business, including the Parlor Kinetoscope.
7. Sale of supplies.

All exclusive of the European business covered by our foreign patents.

It is believed that *each* of the six sources of income first named above will be sufficient to pay a fair dividend on the entire capital stock of the company, while two or three of them will individually much more than meet this requirement.

The above estimate is based upon contracts actually made and business already in sight.